

**ORDER DISCHARGING DEBTOR BEFORE COMPLETION  
OF CHAPTER 12 PLAN**

**Applicable Law and Rules**

1. Section 1228(b) of the Bankruptcy Code (11 U.S.C. § 1228(b)) states:

At any time after the confirmation of the plan and after notice and a hearing, the court may grant a discharge to a debtor that has not completed payments under the plan only if--

(1) the debtor's failure to complete such payments is due to circumstances for which the debtor should not justly be held accountable;

(2) the value, as of the effective date of the plan, of property actually distributed under the plan on account of each allowed unsecured claim is not less than the amount that would have been paid on such claim if the estate of the debtor had been liquidated under chapter 7 of [the Bankruptcy Code] on such date; and

(3) modification of the plan under section 1229 of [the Bankruptcy Code] is not practicable.

2. Section 1228(c) of the Bankruptcy Code states:

A discharge granted under subsection (b) of this section discharges the debtor from all unsecured debts provided for by the plan or disallowed under section 502 of [the Bankruptcy Code], except any debt--

(1) provided for under section 1222(b)(5) or 1222(b)(10) of [the Bankruptcy Code]; or

(2) of a kind specified in section 523(a) of [the Bankruptcy Code].

3. A number of the exceptions to discharge in a chapter 12 case are set out in detail in section 523(a) of the Code.
4. Section 523(c) states that the debtor shall be discharged from certain kinds of debts specified in section 523(a)

unless, on request of the creditor to whom such debt is owed, and after notice and a hearing, the court determines such debt to be excepted from discharge under [section 523(a)(2), (4), (6), or (15)], as the case may be.

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continued

5. Fed. R. Bankr. P. 4007(c) provides that a complaint to determine the dischargeability of a debt in any chapter 12 case pursuant to section 523(c) of the Bankruptcy Code must be filed not later than 60 days following the first date set for the meeting of creditors held pursuant to section 341(a). The court may extend the time for cause on the motion of a party in interest, but the motion must be filed before the time has expired. (By contrast, the court fixes the time to file a section 523(c) complaint in a chapter 13 case after the debtor moves for a hardship discharge.)
6. The procedure for seeking a hardship discharge is a matter of local practice. A copy of the local rules of court is available from the clerk of court.
7. Section 524 of the Bankruptcy Code sets out the effect of a discharge in a chapter 12 case.
8. Fed. R. Bankr. P. 4004(f) provides for the registration of a certified copy of the discharge in another district.

**General Information for the Clerk**

This form is for use in a chapter 12 case in which the debtor receives a so-called "hardship discharge" pursuant to section 1228(b) of the Bankruptcy Code despite not completing the plan payments. Form B 18F may be used if the debtor has completed payments under the confirmed plan.

Pursuant to section 1228(b), notice and a hearing are required before the court grants a chapter 12 hardship discharge. Fed. Rule of Bankr. P. 4007(c), however, does not provide for a new period to file dischargeability complaints when a chapter 12 debtor requests a hardship discharge.

It is contemplated that the discharge will be prepared by the clerk, rather than by a party in interest. The caption of a discharge for joint debtors should include all names used by each of the joint debtors within the last six years and the Social Security number of each debtor.

While Fed. R. Bankr. P. 2002 permits the court to order a person other than the clerk to give a number of types of notices, Fed. R. Bankr. P. 4004(g) requires the clerk to promptly mail to the debtor, all creditors, and parties in interest a copy of the final order granting discharge. The 1983 Advisory Committee Note to Rule 4004 states that the notice of the discharge should be mailed promptly after the order becomes final "so that creditors may be informed of the entry of the order and of its injunctive provisions."

Form B 18FH was formerly designated as Form B 243B. Form B 18FH has been revised to conform to the 1997 revision of Official Form 18.